

# State of Rhode Island - Division of Taxation

## Sales and Use Tax

### Regulation SU ~~00~~ 07-60

#### Drugs, Medicines, and ~~Proprietary Medicines~~ Health Care Products

Under the Rhode Island sales tax law, sales of the following are exempt:

1. Medicines and drugs which are sold on a doctor's prescription.
2. ~~Proprietary medicines popularly called patent medicines.~~ Over-the-counter drugs.
- ~~3. Disposable or reusable devices, such as syringe infusers and ambulatory drug delivery pumps, and supplies used in connection therewith, which are sold on prescription to individuals to be used by them to dispense or administer prescription drugs.~~
3. Insulin
4. Medical oxygen
5. Blood

~~Proprietary medicine~~ is defined to mean any packaged medicine which is put up for consumption by the public for the purpose of diagnosis, cure, mitigation or prevention of a disease or for use in the treatment of an ailment. The package is labeled with the name of the medicine, carries adequate directions for its consumption or use, and indicates the name and address of the manufacturer and/or distributor.

Such proprietary or patent medicines are not limited to those which are taken internally, but also include those which are applied externally, provided they otherwise qualify under the above definition and explanation.

#### Definitions of exempt items:

“Drug” means a compound, substance or preparation, and any component of a compound, substance or preparation, other than food and food ingredients, dietary supplements or alcoholic beverages:

- (1) recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them; or
- (2) intended for use in diagnosis, cure, mitigation, treatment, or prevention of disease; or
- (3) intended to affect the structure of any function of the body.

“Over-the-counter drug” means a drug that contains a label that identifies the product as a drug as required by 21 C.F.R. 201.66. The label must contain:

- (1) a “Drugs Fact” panel; or
- (2) a statement of the “active ingredient(s) with a list of those ingredients contained in the compound, substance or preparation.

**“Over-the-counter drug” does not include “grooming and hygiene products.” (defined below)**

**Examples** of the various types of medicinal products which fall within the classification of exempt ~~proprietary or patent medicines~~ “over-the-counter drugs” are:

- Analgesics, whether used externally or internally; cough medicines (but not cough drops); tonics and alternatives; antacids, laxatives and cathartics; ~~packaged~~ medicated eye preparations; ~~including contact lens cleaning and wetting solutions;~~ remedies for treatment of burns; and antiseptics, ~~for oral or other purposes.~~
- Although not a medicine or a drug, hypo syringes and needles are also exempt. ~~Also exempt is medicated soap or other are preparations for treatment of skin diseases.~~

**Definition of taxable items:**

**“Grooming and hygiene products”** are soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and screens, regardless of whether the items meet the definition of “over-the-counter drug.”

**“Dietary supplement”** means any product intended to supplement the diet; that is required to be labeled as a dietary supplement, identifiable by the “Supplemental Facts” box found on the label as required pursuant to Federal law.

The following categories are examples of items ~~which that~~ **are not regarded as** ~~proprietary or patent medicines~~ **over-the-counter drugs**, and therefore are subject to the tax:

1. Cosmetics and toilet articles including but not limited to items such as deodorants, beauty preparations, facial and hand creams and lotions, feminine hygiene items, shampoo oils, soaps, teeth cleaning preparations, so-called suntan preparations.
2. Vitamins sold as dietary supplements or adjuncts. These usually come in tablet, capsule or pill forms. However, the tax will not apply when sold on a doctor's prescription.
3. First aid medical supplies such as adhesive tape, plasters, and bandages, including those medicinally treated, cotton, gauze, ice bags, syringes, water bottles and similar supplies.
4. Household disinfectants and insecticides whether in liquid, spray, paste or other form.
5. Contact lens cleaning and wetting solutions.
6. Medicated shampoos and soaps.

7. Reducing products and supplements are subject to tax. However, products that replace an entire meal are considered food products and are therefore exempt.

~~CROSS REFERENCE:~~ [Foot Comfort Products](#).

~~R. GARY CLARK~~ DAVID M. SULLIVAN  
TAX ADMINISTRATOR

EFFECTIVE: January 1, 2007

THIS REGULATION AMENDS AND SUPERCEDES [REGULATION SU 94 00-60](#)  
PROMULGATED JANUARY 1, 1994 2000.

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**REGULATION SU 07-60**  
**Drugs, Medicines and Health Care Products**

**EXPLANATION OF REGULATORY CHANGES**

Legislation conforming Rhode Island Sales & Use tax Law to the provisions of the Streamlined Sales & Use tax Agreement (SSUTA) was signed June 30, 2006 and becomes effective January 1, 2007.

The most significant change in the new law is the definition of “grooming and hygiene product,” which is specifically excluded from the definition of “over-the-counter drug.” Therefore, items such as medicated shampoos and soaps, contact lens cleaning solutions and antiseptic mouthwashes will now be subject to tax.